

Deferred Retirement

Public Employees' Retirement System • Teachers' Pension and Annuity Fund • Police and Firemen's Retirement System

Deferred Retirement is available to those members who have at least ten years of service credit and are not yet 60 years of age (55 for PFRS members) when they terminate employment. ***A member who is terminated from employment for cause on charges of misconduct or delinquency is not eligible for Deferred Retirement benefits.*** You may apply for a Deferred Retirement by filing an *Application for Retirement Allowance* with the Division of Pensions and Benefits at any time prior to your retirement date. Retirement benefits will not be paid unless you file an *Application for Retirement Allowance* with the Division of Pensions and Benefits. Retirement benefits cannot become effective prior to receipt of an *Application for Retirement Allowance*.

PERS AND TPAF MEMBERS

The retirement date for Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF) members is the first of the month following your 60th birthday. Your retirement allowance is based on the formula below:

$$\begin{array}{rcccl} \text{Years of Service} & & \text{Final} & & \text{Annual} \\ \hline & & \text{Average} & = & \text{Retirement} \\ & \text{X} & \text{Salary} & & \text{Allowance} \\ 55 & & & & \end{array}$$

For example, a member who terminates employment after 11 years of service with a Final Average Salary of \$35,000 will receive 11/55ths (20%) of \$35,000 for an annual retirement allowance of \$7,000 beginning at age 60.

"Years of Service" means the years and months of pension service credited to your account.

'Salary' means base salary on which pension contributions are taken. It does not include extra pay for overtime, bonuses, housing/uniform allowances, etc.

"Final Average Salary" means the average salary for the three years immediately preceding your termination of employment or your three highest fiscal years (July 1 to June 30) of salary.

PFRS MEMBERS

The retirement date for Police and Firemen's Retirement System (PFRS) members is the first of the month following your 55th birthday. The retirement allowance is equal to 2% of your Final Compensation for each year of service. For example, a member who terminates employment after 11 years with a Final Compensation of \$35,000 will receive 22% of \$35,000 for an annual retirement allowance of \$7,700.

"Final Compensation" means the base salary for the 12 months immediately preceding your termination of employment.

"Salary" means base salary on which pension contributions are taken. It does not include extra pay for overtime, bonuses, housing/uniform allowances, etc.

LIFE INSURANCE

Your life insurance coverage is not in effect between the time you terminate employment and your Deferred Retirement becomes effective. If you die between the time you terminate employment and your retirement becomes effective, the last named beneficiary will receive the return of your pension contributions. There is no other death benefit under these circumstances.

To listen to a message about converting your life insurance to a non-group policy and to order a fact sheet about this, call (609) 777-1931 and request selection #245.

If you had life insurance through the retirement system while employed, when your Deferred Retirement becomes effective, PERS members will have a paid-in-full death benefit equal to 3/16ths of their salary. TPAF members who did not participate in contributory insurance will have a paid-in-full death benefit equal to 3/16ths of final salary while those who did participate in contributory insurance will have a paid-in-full death benefit equal to 7/16ths. PFRS members will have a paid-in-full death benefit equal to 50% of their final salary.

HEALTH BENEFITS

Those electing Deferred Retirement cannot transfer their active health care coverage to the retired group of the State Health Benefits Program. (This does not include members of TPAF who elect to defer retirement with 25 or more years of service credit in the pension fund or school board or county college employees with 25 or more years of service credit in PERS.) Those electing Deferred Retirement may be eligible for continuation of State Health Benefits coverage because of federal 'COBRA' legislation, for up to 18 months if they were covered by the State Health Benefits Program just prior to terminating employment. If the actual retirement commences while the 18 months of COBRA coverage is in effect, the retiree may continue the State Health Benefits coverage into retirement. If the 18 months of COBRA coverage ends before the retirement commences, the member will not be entitled to maintain health coverage through the New Jersey State Health Benefits Program in retirement.

**RETURNING TO PUBLIC EMPLOYMENT
IN NEW JERSEY**

If, **prior to your effective retirement date**, you return to a position covered by the same retirement system, you must cancel your Deferred Retirement and resume contributing to the retirement system. When you are ready to retire or leave employment again, **you must submit a new retirement application.**

If you return to public employment in New Jersey **after your retirement date**, PERS members should request Fact Sheet #21, TPAF members - Fact Sheet #28, and PFRS members - Fact Sheet #29.

LOAN BALANCES

If you have an outstanding loan balance at the time you defer your retirement, you have the option to repay the outstanding loan balance *in its entirety* or to repay the loan through deductions from your retirement benefit payments until the balance of the loan *together with interest* is repaid. Payments will be the monthly equivalent of the amount deducted from your

compensation immediately before retirement. Keep in mind that interest will accrue from the time you separate from payroll until your retirement is effective and, once effective, until the loan is satisfied.

ARREARS (PURCHASE) BALANCES

If you have an outstanding arrears (purchase) balance, and you have not had installment payments made toward that balance for two years due to inactivity in the account, the Division will cancel the remainder of the purchase and provide you with a pro rata credit for the service purchased to the date the installment payments ceased. You may also pay for the arrearage in full within 60 days of Division notice. If the cancellation of this purchase will bring your total service credit under 10 years, you will not be eligible for a Deferred Retirement.

For a member who had authorized a purchase of service credit prior to September 8, 1998 and is not being paid by the employer, the purchase shall remain outstanding but the purchase balance shall include additional regular interest beginning September 8, 2000, or on the date salary stopped, whichever is later.

WITHDRAWING YOUR CONTRIBUTIONS

At any time before your Deferred Retirement becomes effective, you may change your mind and apply for a withdrawal of your contributions instead. Once you cancel your Deferred Retirement and withdraw your contributions, all rights and privileges of membership end.

POINTS TO PONDER

- If you move after you defer your retirement, be sure to provide the Division of Pensions and Benefits with your new address.
- Members of the PERS or TPAF may change their retirement option selection and/or beneficiary(ies) up to 30 days after their retirement date.
- The beneficiaries for your retired group life insurance may be changed at any time by filing a *Designation of Beneficiary* form.

This fact sheet has been produced and distributed by:

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This fact sheet is a summary and not intended to provide total information.

Although every attempt at accuracy is made, it cannot be guaranteed.
